

GEORGIA

Hospitality Market Snapshot

Fourth Quarter | 2016



Overview

Hospitality industry growth in Georgia showed significant acceleration during the whole year of 2016, the full year growth of lodging facilities' have been estimated to stand at almost 20% resulting in more than 57,000 beds added to the market. As commonly observed during previous years the largest share of internationally banded hotels' segment is still located in Tbilisi and Batumi, Adjara. Since Q4 is mainly interesting due to the winter season it is worth mentioning that ski season in Gudauri and Goderdzi resorts opened early this year on 10th December 2016, while in Bakuriani season opened on 17th December. This quarter has been remarkable for ski lovers, since two brand new resorts have opened on 24th and 25th December. One in Svaneti called Tetnuldi and Kokhta-Mitarbi in Bakuriani.

Demand

The main drive for hospitality market is international visitors' inflow to the country, registering substantial increase in Q4 2016. The amount of tourists who stayed overnight equaled 37% of total number of international visitors. Noteworthy is the increased amount of international visitors by 19% (2.7 mln) in comparison to the full year of 2015 when it accounted 2.3mln.

Supply

On the contrary to the general country touristic infrastructure development, Q4 was subdued from the supply side in Tbilisi. Due to a greater uncertainty in the county's economy, caused by depreciation of National Currency, Rixos and Sheraton Tbilisi openings in Tbilisi postponed until 2017. No new openings were registered in the capital.

Outlook

December was fruitful in a way of pipeline investment announcements. Among which was revealed signed investment totaling US\$ 50mln of Hilton management agreement with Granat LLC for its Hotels & Resorts in Tbilisi. Hotel will comprise 206 rooms launching from the beginning of 2019. Additionally, Rezidor Hotel Group declared their plan to introduce Radisson Red, which is a brand new concept targeting millennials. Local hospitality group (AHG) stated about their expansion plans on the Georgian lodging market by pioneering its 5* hotel brand, "Aviator", in Tbilisi in the upcoming year. Moreover, in 2017 Adjara Hospitality Group enlarges Rooms Hotel chain in Batumi.

As mentioned previously, Kokhta-Mitarbi resort development has been accomplished and hosted its visitors. Meanwhile, GRDC invests US\$ 10mln in 600 apartment complex that is planned to launch by Q4 2017.

MARKET INDICATORS

Market Outlook

ADR:	Rising further, although the rate of growth may slow.	▼
Occupancy:	Remaining under slight downward during Q1 2017 due to seasonal demand fluctuation.	▲
Supply:	Development of market is activity improving, justified by number of pipeline projects coming in the next year	▼
Demand:	Strengthening further due to increased number of international visitors.	▼

ADR Change – December 2015 – December 2016 (USD)

LOCATION	US\$ Q4 2015	US\$ Q4 2016	GROWTH %
Tbilisi Average	164	189	15
Economy	55	62	11
Midscale	129	149	15
Upscale	188	205	9
Upper Upscale	273	329	21

Occupancy Change – December 2015 – December 2016

LOCATION	AVE. OCC. % Q4 2015	AVE. OCC. % Q4 2016	GROWTH %
Tbilisi Average	56	61	8
Economy	40	45	12.5
Midscale	60	65	8
Upscale	59	65	10
Upper Upscale	65	68	5

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